

For program reimbursement purposes, costs of the provider's facility and building equipment should be depreciated over the lives of these assets starting with the month the first patient is admitted for treatment, subject to the provider's method of determining depreciation in the year of acquisition or construction. Where portions of the provider's facility are prepared for patient care services after the initial start-up period, these asset costs applicable to each portion should be depreciated over the remaining lives of the applicable assets. If the portion of the facility is a patient care area, depreciation should start with the month the first patient is admitted for treatment. If the portion of the facility is a nonrevenue - producing patient care area or nonallowable area, depreciation should begin when the area is opened for its intended purpose. Costs of major movable equipment, however, should be depreciated over the useful life or each item starting with the month the item is placed into operation.

151 Cost Treatment for Reimbursement

151.1 Where a provider prepares all portions of its facility for patient care services at the same time and has capitalized start-up costs, the start-up costs must be amortized ratable over a period of ~~60~~ consecutive months beginning with the month in which the first patient is admitted for treatment.

151.2 Where a provider prorates portions of its facility for patient care services on a piecemeal basis, start-up costs must be capitalized and amortized separately for the portions of the provider's facility that are prepared for patient care services during different periods of time.

152 Deficiency Per Diem Rate. When a facility is found not to have provided the quality of service or level of care required, reimbursement will be made on 90% of the provider's per diem rate. This "deficiency rate" will be applied following written notification to the facility of the effective date of the reduced rate for any of the following service deficiencies:

152.1 Staffing over a period of two weeks or more does not meet the Federal Certification and State Licensing requirements, except where there is written documentation of a good faith effort to employ licensed nurses to meet the licensed nurse requirements over and above the full time director of nursing;

152.2 Food service does not meet the Federal Certification and State Licensing requirements;

152.3 Specific, documented evidence that the care provided does not meet the Federal Certification and State Licensing requirements. Such penalty to be effective no sooner than 30 days from written notification that such deficiencies exist;

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152.4 Failure to correct, within the time frames of an accepted Plan of Correction, deficiencies in meeting the Federal Certification and State Licensing requirements, which cause a threat to the health and safety of residents in a facility or the surrounding community;

152.5 Failure to submit cost reports and maintain audible auditable records as required (see section 27.4, 32.3 and 32.7).

A reduction in rate because of service deficiencies shall remain in effect until the deficiencies have been corrected, as verified by representatives of the Department of Human Services, following written notification by the provider that the deficiencies no longer exist. No retroactive adjustments to the full rate shall be made for the period that the deficiency rate is in effect unless the provider demonstrates to the satisfaction of the Department that there was no just cause for the reduction in payment.

160 Intensive Rehabilitation NF Services for Traumatic Brain Injured Individuals (TBI). It has been determined that the reasonable cost of comprehensive rehabilitative services of traumatic brain injury is an allowable cost. This requires that the facility possess characteristics, both in terms of staffing and physical design, which create a unique unit providing comprehensive rehabilitative TBI services.

The Department will require that the facility obtain prior approval of its staffing pattern for the nursing and clinical staff associated with the TBI unit from the Bureau of Medical Services. In the event a facility believes that the needs of the residents it serves have increased or decreased, the facility must request prior approval from the Bureau of Medical Services authorizing such a change to its staffing pattern.

The Department will recognize a NF-TBI unit when it is a distinct part of a dual-licensed nursing facility. The facility will be reimbursed for the average annual per diem cost for TBI rehabilitative services provided to those individuals classified in need of intensive rehabilitative nursing services.

160.1 Principle. A nursing facility which has a recognized TBI unit will be reimbursed for services provided to recipients covered under the Title XIX Program based upon the actual cost of services provided. The Department will establish the rate and determine that the cost is reasonable and adequate to be an efficiently and economically operated facility in order to provide care and services in conformity with applicable state and federal laws, regulations and quality and safety standards.

160.2 Cost. The Department's payments made for allowable TBI services provided will be based on the actual cost of services provided. The allowable per diem cost for TBI services will include a

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160.2.1 Routine services is defined in Section 43 and 44 respectively. Routine services will be subject to the existing routine limitations. Exceptions and exemptions to those limitations may be applied to under existing regulations.

160.2.2 Rehabilitative ancillary services included in the care of a traumatically brain injured individual residing in a recognized TBI unit shall be considered an allowable cost. Covered ancillary services must meet the requirements and definitions under Medicare regulations.

160.3 Rehabilitative ancillary services are not subject to the routine service cost limitations.

Rehabilitative ancillary services include:

- Physical Therapy Services
- Occupational Therapy Services
- Speech Pathology Services
- Respiratory Therapy Services
- Recreational Therapy Services
- Physi~~atry~~ Evaluation and Consultation Services
- Neuropsychology Evaluation and Consultation Services
- Psychology Evaluation and Consultation Services

160.4 Cost Reporting. Costs will be reported on forms provided by the Department which will segregate NF-TBI routine costs and TBI ancillary costs from standard NF costs.

For the purpose of calculating a separate NF-TBI rate, whether interim or final, a facility that has been granted a special NF-TBI rate for a distinct part shall allocate its costs to the distinct part as if the distinct part were licensed as a separate level of care.

All other principles pertaining to that allowability, recording a and reporting of costs shall apply.

170 SPECIALTY NURSING FACILITY RATES

Based on findings made by the Commissioner, the Bureau of Medical Services shall designate programs or facilities that provide special services to populations with distinct characteristics not applicable to nursing facilities in general. Such designated special nursing facilities shall be subject to the provisions of these rules, except for the rate limitations contained in Sections 80-87.

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APPENDIX A DEFINITIONS

The term Department as used throughout these principles is the State of Maine Department of Human Services.

The term State Licensing and Federal Certification as used throughout these principles are the "Regulations Governing the Licensing and Functioning of Nursing Facilities" and the Federal Certification requirements for nursing care facilities that are in effect at the time the cost is incurred.

Accrual method of accounting means that revenue is reported in the period when it is earned, regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

AICPA: American Institute of Certified Public Accountants

Allowable costs are those costs which Medicaid will reimburse under these Principles of Reimbursement.

Ancillary Services: medical items or services identifiable to a specific resident furnished at the direction of a physician and for which charges are customarily made in addition to the per diem charge.

Base Year. For cost reports covering the fiscal years beginning in 1990 and thereafter, the base year means the fiscal year immediately preceding the fiscal year beginning in .

Capital Good. Capital Good is defined as services, equipment, supplies or purchases which have a value of \$1,000 or greater.

Cash method of accounting means the revenues are recognized only when cash is received and expenditures for expense and asset items are not recorded until cash is disbursed for them.

Common Ownership. Common ownership exists when an individual possesses significant ownership or equity in the provider and the institution or organization serving the provider.

Compensation. Compensation means total benefit provided for the administration and policy-planning services rendered to the provider. It includes:

- (a) Fees, salaries, wages, payroll taxes, fringe benefits, contributions to deferred compensation plan, and other increments paid to or for the benefit of, those providing the administration and policy-planning services.
- (b) The cost of services provided by the provider to, or for the benefit of, those providing the administration and policy-

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planning services, including, but not limited to food, lodging, and the use of the provider's vehicles.

Control. Control exists where an individual or an organization has the power, directly or indirectly, to significantly influence or direct the actions or policies of an organization or institution.

Cost finding: the processes of segregating costs by cost centers and allocating indirect cost to determine the cost of services provided.

Days of Care means total number of days of care provided whether or not payment is received and the number of any other days for which payment is made. (Note: Bed held days and discharge days are included only if payment is received for these days.)

Direct Costs: costs which are directly identifiable with a specific activity, service or product of the program.

Donated Asset: an asset acquired without making any payment in the form of cash, property or services.

DRI: Data Resources Institute Incorporated national forecasts of hospital, nursing home, and home health agency market baskets as published by McGraw-Hill.

Fair Market Value. The fair market value is the price that the asset would bring by bona fide bargaining between well-informed buyers and sellers at the date of acquisition. Usually the fair market price will be the price at which bona fide sales have been communicated for assets of like type, quality, and quantity in a particular market at the time of acquisition.

Fixed Cost. The fixed cost component shall be determined based upon actual allowable costs incurred by an economically and efficiently operated facility.

Free Standing Facility: a facility that is not hospital-affiliated.

Fringe Benefits: shall include payroll taxes, pension, group health, dental, and life insurances, profit sharing, cafeteria plans and flexible spending plans.

Generally accepted accounting principles means accounting principles approved by the American Institute of Certified Public Accountants. (GAAP) : those accounting principles with substantial authoritative support. In order of authority the following documents are considered GAAP: (1) FASB standards and Interpretations, (2) APB Opinions and Interpretations, (3) CAP Accounting Research Bulletins, (4) AICPA Statements of Position, (5) AICPA Industry Accounting and Auditing Guides, (6) FASB technical Bulletins, (7) FASB Concepts statements,

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(8) AICPA Issues Papers and Practice Bulletins, and other pronouncements of the AICPA or FASB.

Health Care Financing Administration (HCFA): Agency within the U.S. Department of Health and Human Services (HHS) responsible for developing and implementing policies governing the Medicare and Medicaid programs.

Historical cost. Historical cost is the cost incurred by the present owner in acquiring the asset. The historical cost shall not exceed the lower of:

current reproduction cost adjusted for straight-line depreciation over the life of the asset to the time of the purchase;

fair market value at the time of the purchase;

the allowable historical cost of the first owner of record on or after July 18, 1984.

Hospital-affiliated facility: a facility that is a distinct part of a hospital provider, located within the same building as the hospital unit.

Land (non-depreciable). Land (non-depreciable) includes the land owned and used in provider operations. Included in the cost of the land are costs of such items as off-site sewer and water lines, public utility charges necessary to service the land, governmental assessments for street paving and sewers, the cost of permanent roadways and grading of a non-depreciable nature, the cost of curbs and sidewalks whose replacement is not the responsibility of the provider and other land expenditures of a non-depreciable nature.

Land Improvements (depreciable). Depreciable land improvements include paving, tunnels, underpasses, on-site sewer and water lines, parking lots, shrubbery, fences, walls, etc. (if replacement is the responsibility of the provider).

Leasehold improvements. Leasehold improvements include betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

Necessary and proper costs are those which are for services and items that are essential to provide appropriate patient care and patient activities at an efficient and economically operated facility. They are costs for services and items which are commonly provided and are commonly accepted as essential for the type of facility in question.

Net Book Value. The net book value of the asset is defined as the depreciable basis used under the program by the asset's last

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participation owner less the depreciation recognized under the program.

Nursing Facility: a nursing home facility licensed and certified for participation in the Medicaid Program by the State of Maine.

Owners. Owners include any individual or organization with 10% equity interest in the provider's operation and any members of such individual's family or his or her spouse's family. Owners also include all partners and all stockholders in the provider's operation and all partners and stockholders or organizations which have an equity interest in the provider's operation.

Per Diem Rate means total allowable costs divided by days of care. The prospective per diem rate, as described by days of care for Medicaid recipients, will determine reimbursement.

Policy Planning Function. The policy-planning function includes the policy-making, planning and decision-making activities necessary for the general and long-term management of the affairs of the facility, including, but not limited to the following:

- The financial management of the facility.
- The establishment of personnel policies.
- The planning of patient admission policies.
- The planning of expansion and financing thereof.

Reasonable costs are those which a prudent and cost-conscious buyer would pay for services and items that are essential for patient care and patient activities at the facility. If any of a provider's costs are determined to exceed by a significant amount, those that a prudent and cost-conscious buyer would have paid, those costs of the provider will be considered unreasonable in the absence of a showing by the provider that those costs were unavoidable.

Related to Provider. Related to the provider means that the provider to a significant extent is associated or affiliated by common ownership with or has control of or is controlled by the organization furnishing the services, facilities, and supplies.

Stand Alone Nursing Facility - a facility that is not physically located within a hospital.

Straight-line method. Under the straight-line method of depreciation, the cost or other basis (e.g., fair market value in the case of donated assets) of the assets, less its estimated salvage value, if any, is determined first. Then this amount is distributed in equal amounts over the period of the estimated useful life of the asset.

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APPENDIX B

Supplies and Equipment provided to recipient by a NF as part of regular rate of reimbursement.

The following items may not be billed by either the facility or supplier. Facilities which service a special group of the disabled are expected to furnish that equipment which is normally used in their care (e.g. children's wheelchairs) as a part of their reasonable cost.

ROUTINE SERVICES, SUPPLIES AND EQUIPMENT INCLUDED IN THE REGULAR RATE OF REIMBURSEMENT TO A MEDICAID RESIDENT

1. Alcohol
2. Analgesics: aspirin, acetaminophen, buffered aspirin, analgesic suppositories, liquid analgesic: all brands
3. Antacids: aluminum hydroxide, magnesium hydroxide, simethicone, magnesium hydroxide, aluminum hydroxide: all brands
4. Alternating pressure pads, air mattresses, "Egg Crate" mattresses, gel mattresses
5. Applicators
6. Artificial tears : all non-prescription brands
7. Bandages
8. Band-aids
9. Basins
10. Beds (standard hospital type, not therapy type)
 1. Bed pans
 2. Bed rails
13. Blood Pressure Equipment
14. Bottles (water)
15. Canes
16. Calcium supplements
17. Catheters
18. Catheter trays (disposable)
19. Chairs (standard, geriatric)
20. Combs
21. Commodes
22. Corner Chair
23. Cotton
24. Cough syrup & expectorants : all non-prescription brands
25. Crutches
26. Cushions (e.g. comfort rings)
27. Dietary supplements
28. Disinfectants
29. Douch trays (disposable)
30. Dressings
31. Enema equipment
32. Facility Deodorants
33. Gauze bandages (sterile or unsterile)
34. Glucometers
35. General services such as administration of oxygen and related medications, hand feeding, incontinency care, tray service, and enemas
5. Gloves (sterile)

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37. Gloves (unsterile)
38. Gowns
39. Ice bags
40. Incontinent supplies (including chux, attends, Pampers, Depends, plastic pants, liners, etc., all sizes)
41. Iron supplements
42. Irrigation trays
43. Laundry services, personal (including supplies and equipment)
44. Laxatives all brands: bulk, fecal softener (Psyllium - Metyl Cellulose, DSS) stimulants (Bisacodyl tablets or suppositories) senokot, saline or Fleets enema, Milk of Magnesia, laxative & softener combinations
45. Lotions (emoliant)
46. Lubricants (skin, bath oil)
47. Mouth wash
48. Ointments (available over the counter), including petroleum jelly
49. Oxygen, for emergency and prn use only
50. Pillows
51. Pitchers (water)
52. Powders (medicated and baby)
53. Prone boards
54. Rectal medicated wipes
55. Restraints (posey, thorasic chest supports, tilt in space chairs, wedge pillows, etc.)
56. Shampoo: all brands
57. Sheepskin
58. Shower chairs
59. Soap
60. Special dietary supplements
61. Speciman containers
62. Sterile I.V. or irrigation solution
63. Stethoscope
64. Sunscreen
65. Supplies (non-prescription necessary for the treatment of decubti
66. Suppositories: all non-prescription brands
67. Suture sets
68. Swabs, medicated or unmedicated
69. Syringes and needles
70. Tapes
71. Testing materials to be used by staff of facility
72. Thermometers
73. Tissues
74. Toothbrush
75. Toothpaste
76. Towels, washcloths
77. Tongue depressors
78. Traction equipment
79. Trapezes
80. Tub seats
81. Tubes (gavage, lavage, etc.)
82. Underpads
83. Urinals

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- 84. Urinary drainage equipment and supplies (disposable
- 85. Vitamins: All Brands
- 86. Walkers
- 87. Wheelchairs - standard, including those with removable arms and leg rests, pediatric, "hemi" chairs, reclining wheelchairs
- 88. Routine personal hygiene and grooming to include, but not limited to: shave, shampoo, bathing, nail clipping (unless specified as a covered service by a podiatrist in the Maine Medical Assistance Manual), unless the services of a barber or hairdresser are requested by and paid for by the resident
- 89. Routine transportation of residents or laboratory specimens to hospital or doctors' offices

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